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C O N F I D E N T I A L SECTION 01 OF 02 UNVIE VIENNA 000419

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DOE FOR NA-243 GOOREVICH, OEHLBERT, SYLVESTER
NSC FOR SCHEINMAN, HOLGATE
NRC FOR OIP DOANE

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TAGS: [AORC](#) [ENRG](#) [PREL](#) [KNNP](#) [TRGY](#) [IAEA](#) [NAM](#)

SUBJECT: NUCLEAR FUEL BANKS - FEW VOICES LIKELY TO RISE IN
SEPTEMBER BOG

REF: A. UNVIE 364

- [1](#)B. UNVIE 301
- [1](#)C. STATE 76708
- [1](#)D. STATE 80019
- [1](#)E. STATE 83455
- [1](#)F. STATE 85122
- [1](#)G. STATE 91199

Classified By: Ambassador Glyn T. Davies, reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: The IAEA Secretariat will not release a discussion paper on assurance of nuclear fuel supply in time for the September meeting of the BoG, and few Member States other than the U.S. appear troubled over this inaction. The Board Chair wishes to avoid a re-heated version of the June Board discussion that fails to take the issue forward. DG ElBaradei indicated offhandedly to Ambassador that the issue had fallen victim to a North-South divide in the Agency, yet ElBaradei "hoped" agreement on a mechanism could be attained.

The UK will present a paper on its concept in a September 8 midday briefing and in the Board under AOB. Ambassador privately urged P5 1 and other like-minded ambassadors to make national statements calling for engagement on the practicalities. NSC Senior Director Holgate acknowledged to EU President Sweden and a pessimistic Germany the G-77/NAM position, reaffirmed in U.S.-South African talks, that the matter is "pre-mature". End summary.

[1](#)2. (C) Despite U.S. demarche (refs A, C) and a parallel appeal in July by the Swedish EU Presidency's special ambassador Bjorn Skala, the IAEA Secretariat will not provide the September 7-11 Board of Governors meeting a paper commenting on the Board's June discussion of assurance of nuclear fuel supply. (Comment: In light of IAEA/EXPO Tariq Rauf's indication to us in late July that ElBaradei had authorized such a paper, we have expressed disappointment about its non-availability, which reflects ElBaradei's decision to slow the debate. End Comment.)

[1](#)3. (C) With senior Secretariat staff present, Board Chairwoman Feroukhi (Algeria) explained to Ambassador in their introductory meeting that the Non-Aligned Movement (NAM) states wanted the Secretariat's written replies to the questions raised in the G-77/NAM's June statement (ref B) before engaging in further discussion. In the absence of the

paper, a call for Board discussion this time, she forecast, would bring nothing but a repeat of June's statements. Feroukhi confirmed that the United Kingdom would use the Any Other Business (AOB) agenda item to make a statement on its concept and that the floor would be open for others. Feroukhi added that she wondered if the formality of the Board made it the best forum for advancing the fuel assurances issue. The Ambassador noted the need for advocates to explain the proposals better but said it "pained" him that we may not advance the discussion under Feroukhi's chairmanship; he pointed as well to the practical challenge that "the money is there" for an Agency fuel assurance mechanism.

¶4. (C) Mission has been told in weeks past by the EU, U.A.E. and Kazakhstan that they would speak on the issue in the upcoming Board meeting. Swedish special envoy Skala told NSC Senior Director Holgate August 31 the EU was still deliberating on its statement and wanted to bring about a "clear procedural path" in the Secretariat and Board for instituting fuel assurances. The same day, however, German Ambassador told Holgate he questioned the advisability of making an EU statement this time in the face of G-77/NAM antagonism and DG ElBaradei's apparent abandonment of the issue (more below).

¶5. (C) DG ElBaradei made only passing reference to fuel assurances at the outset of his introductory conversation with the Ambassador September 3. The DG initially seemed to consign the issue to a category of victims of the North-South divisions in the Agency, but then corrected himself by saying

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he hoped "we" could still succeed. Earlier in the week, German Ambassador Luedeking had told NSC Senior Director Holgate he sensed ElBaradei had given up; whereas in March the DG wanted a fuel bank to be part of his legacy, it now seemed to Luedeking that ElBaradei saw its achievement was not in reach by the time he departs office in November. Holgate shared with Luedeking and with Swedish MFA Special Envoy Skala in a separate conversation the very complicated posture that South Africa's IAEA Governor Abdul Minty had taken on the issue in U.S.-South African talks the week before in Pretoria. She said Minty had warned that the NAM is rigorous in its position that Board consideration of any fuel assurance mechanism is "pre-mature," but then (typically) offered himself as a bridge to help build a more consensual approach to this issue.

¶6. (C) On September 4 Ambassador informed his colleagues from the UK, France, Germany, Russia, and China that U.S. would make an AOB statement encouraging practical discussion of implementation issues raised in the June Board, and he asked all others to do the same. He related some of the effort USG has made in its "listening campaign" demarches in skeptical capitals. UK Ambassador confirmed that he would present his government's concept with an AOB statement (and, in fact, the UK will provide a briefing during the lunch break on Tuesday, September 8, open to all Member States). Russian Ambassador Zmeyevskiy stated in contrast that he had as yet no instruction that Russia would speak on the assurance of supply issue.

¶7. (C) Later the same day the Ambassador and Msnoffs similarly briefed the Ambassadors of Australia, Canada, Japan, New Zealand, and South Korea. Australia and Canada reported that in their individual pre-Board consultations with Chairwoman Feroukhi, she had pitched them strongly not to speak on the issue in the Board meeting, reasoning that a rehash of June would be ineffectual or worse. Both ambassadors said they had the impression Feroukhi had hoped to dissuade the UK from making an AOB presentation on its concept (but that under instruction from London this was going to go forward). Australia noted that assurance of supply was not a "front-of-the-mind" issue in Canberra and confirmed it would have no Board statement this time; Canada

also plans no statement.

18. (C) Comment: ElBaradei reportedly warned EU ambassadors at the early July kick-off of the Swedish Presidency to recognize G-77/NAM resistance, as evidenced in the June Board, and not to aggravate that resistance by pressing for early Board action. Our discussions in Vienna since that time have suffered an overlay of ElBaradei's presumed sense of resignation on this topic. We have pressed like-minded and selected nuclear newcomers, including fuel bank funding donors Kuwait and the U.A.E., to reinforce with the DG and Secretariat that they must provide an impetus for more detailed, technical, and practical discussion. The U.S. appeal to capitals (refs C - G) to depoliticize the issue is not yet translating into engagement here. As in the past two Board meetings, we will work the aisles in the opening days to drum up as many supportive interventions as possible in order to go beyond a "placeholder" treatment of the issue. At this point, however, Russian activism to move toward formal Board consideration of the Angarsk LEU reserve is the catalyzing event the USG can best advocate. S/SANAC Einhorn likewise shared with incoming DG Amano on September 3 our hope for early progress on the Russian proposal. Amano agreed that Board approval of the Russian proposal before the end of 2009 would be a good way to put the issue back on track. End Comment.
DAVIES